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SUBJECT: BULGARIA: FINAL COURT DECISION REJECTS JEWISH
PROPERTY CLAIM

REF: (A) SOFIA 68; (B) 05 SOFIA 1318

1. (SBU) SUMMARY: In a decision released March 20, Bulgaria's highest court ended the Jewish community's 15-year legal struggle for restitution of the Rila Hotel. The ruling of the Supreme Court of Cassation denied the Jewish community's request for an extraordinary appeal of the 2005 court decision that rejected the community's claim. The court held that a 1991 ruling, which granted a 48.87% share of the hotel to the Jewish organization Shalom, is not binding either on the state or the current hotel owners, and further ruled that the Jewish community was not entitled to ownership because the 1962 expropriation procedure was properly executed. The decision is final and precludes any further legal action in Bulgaria. We have again been assured by President Purvanov's office that the presidency will work with the government to fulfill Purvanov's commitment in Washington to attempt to compensate Shalom if the judicial process was unsuccessful. END SUMMARY.

2. (SBU) On January 17 a five-judge panel of the Supreme Court of Cassation heard Shalom's request to reverse the 2005 decision of a three-judge panel of the same court (Ref. A). Shalom claimed that this ruling contradicted a 1991 ruling of the State Arbitration Board, which granted Shalom 48.87% ownership of the Rila Hotel, built on a valuable piece of land in downtown Sofia that was nationalized in 1962 (Ref. B). NOTE: In 2000, the State Privatization Agency sold the state's remaining 51% share in the hotel. This majority stake is currently controlled by Vasil Bozhkov, a notorious organized crime figure also known as "The Skull."

3. (U) In its March 8 ruling on the case, the Supreme Cassation Court dismissed Shalom's claim and held that the 1991 ruling was not binding either on the state or on its successor Hotel Rila JSC. Besides ruling that the 2005 decision did not contradict the 1991 arbitration decision, the court found the 2005 decision accurate on its merits. The court confirmed that Shalom was the legitimate successor of the Jewish community, which acquired the property in 1906-1911; however, it maintained that the expropriation procedure conducted by authorities in the 1960s was properly executed. The panel referred to a legal provision (since repealed) that permitted expropriation without prior compensation due to a compelling need for construction. Furthermore, according to the court, after the construction of the hotel, the real estate no longer existed in the form in which it was nationalized and therefore was not subject to restitution to the successor of its previous owner.

4. (SBU) COMMENT: With the March Supreme Court decision all avenues for reclaiming ownership under Bulgarian law have been exhausted. Shalom is currently unwilling to take their case to the European Court of Human Rights, fearing that Bulgarian society's generally positive attitude toward the country's small Jewish community could be endangered if they were to sue the government in a foreign court. The American Jewish Joint Distribution Committee, which has been representing Shalom, had suggested this as a possibility. Instead, Shalom hopes to achieve a political solution to the problem through quiet diplomacy. In recent months, Shalom president Emil Kalo has initiated informal discussions with government officials on possible alternatives to compensation through the courts. Presidential foreign-policy advisor Zlatin Trapkov told us today that Prime Minister Stanishev will sign an order creating a commission to review all remaining restitution disputes, which will consider the Rila claim. The commission may be able to offer alternate property or other restitution to claimants. Bulgarian media have not picked up the story and the case outcome has received no publicity to date. END COMMENT.

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